

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6891**

**BILL NUMBER:** HB 1434

**NOTE PREPARED:** Dec 30, 2008

**BILL AMENDED:**

**SUBJECT:** Job Recruitment Grant.

**FIRST AUTHOR:** Rep. Yarde

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill establishes the New Business Recruitment Grant Program for local economic development organizations serving counties where the unemployment rate exceeds 8%.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** *Indiana Economic Development Corporation (IEDC):* This bill requires the IEDC to administer the New Business Recruitment Grant Program. The IEDC will require additional staff time to adopt policies and guidelines for application criteria, and procedures for organizations to apply for grants. This bill establishes a Local Economic Development Organization Recruitment Fund that will cover the IEDC's costs associated with administering the program. However the bill does not make an appropriation for the Grant Program or Fund.

*New Business Recruitment Grant Program:* This bill establishes the New Business Recruitment Grant Program, and its purpose is to assist local economic development organizations serving economically disadvantaged areas with the recruitment of new businesses. The bill defines "economically disadvantaged areas" as counties that have unemployment rates that exceed 8%, and "local economic development organizations" include the following: urban enterprise associations; economic development commissions; nonprofit corporations; regional planning commissions; nonprofit educational organizations; and other similar organizations. Grants provided by this bill may not exceed \$50,000 for an organization that serves one county, and \$75,000 for an organization that serves at least two counties.

*Local Economic Development Organization Recruitment Fund:* This bill establishes the Local Economic Development Organization Recruitment Fund to provide funding for the New Business Recruitment Grant

Program. The fund will also cover administrative expenses incurred by the IEDC resulting from the implementation of the grant program, as well as expenses associated with administering the fund. Money remaining in the fund at the end of a fiscal year will not revert to the state General Fund.

Background Information - As of November, 2008, 20 counties have unemployment rates that exceed 8%. These counties are listed below.

County	Unemployment Rate
Adams	9.6%
Dekalb	9.1%
Elkhart	12.4%
Fayette	10.9%
Grant	8.3%
Henry	8.1%
Howard	8.6%
Jennings	8.5%
Kosciusko	8.8 %
LaGrange	11.7%
Lawrence	9.9%
Marshall	9.5%
Miami	8.7%
Noble	10.9%
St. Joseph	8.1%
Starke	9.0%
Steuben	9.1%
Tipton	8.2%
Vermillion	8.1%
Wayne	8.1%

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Local economic development organizations may receive grants to recruit

new business enterprises to counties served by the organizations. Grants provided by this bill may not exceed \$50,000 for an organization that serves one county, and \$75,000 for an organization that serves at least two counties. The organization must serve an economically disadvantaged area, (counties with unemployment rates greater than 8%), to be eligible for grants.

**State Agencies Affected:** IEDC.

**Local Agencies Affected:** Local economic development organizations.

**Information Sources:** Research & Analysis Unit, Indiana Department of Workforce Development.

**Fiscal Analyst:** Jessica Harmon, 317-232-9854.